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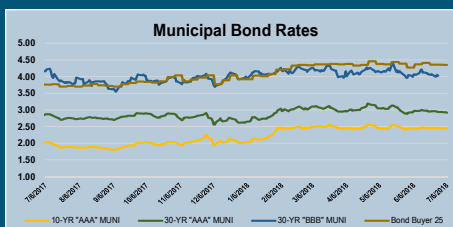
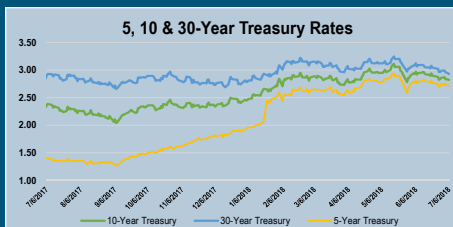
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### TREASURY BONDS MARKET DATA RESULTS:

Week Ending	July 6th, 2018	1-Week Change
10-YR "AAA" BVAL	2.440%	-1.1 BPS
30-YR "AAA" BVAL	2.918%	-2.0 BPS
30-YR "BBB" BVAL	4.206%	+11.4 BPS
30-YR "A1" B.B. Rev.	4.350%	-1.0 BPS
10-YR Treasury	2.823%	-3.8 BPS
30-YR Treasury	2.930%	-6.0 BPS



BVAL is a municipal benchmark yield curve maintained by Bloomberg LP.

SOURCES: Bloomberg Markets Magazine, Municipal Market, The Bond Buyer & The Wall Street Journal.

# TAX-EXEMPT MARKET COMMENTARY

## TREASURY & MUNICIPAL BOND MARKET

Week Ending July 6th, 2018

### MUNICIPAL BOND MARKET:

- With the 4th of July holiday falling in the middle of the week, the **municipal market priced just \$81.5 million in new issue** transactions.
- After **8-straight weeks of cash inflows, municipal bond funds posted a net outflow totaling \$189 million**, according to Lipper FMI.
- The current 30-day visible supply remains low at just \$8.5 billion according to Bloomberg, while the amount of debt maturing totals \$25.6 billion, **creating a net-negative supply of \$17.1 billion**.

### GENERAL MARKET:

- **US/China trade policies continue to spark concerns** in the market. Both countries **imposed \$34 billion in tariffs for goods and services** on Friday. The EU has warned that if the US imposes tariffs on imported automobiles they will counter with tariffs on \$300 billion of US goods.
- **Economic reports were mostly stronger than expected**, boosting equities Friday.
  - **ISM Manufacturing index was 60.2** for June versus 58.5 expected
  - **Factory orders** were estimated to be flat, but **grew 0.4%**
  - **Durable goods orders declined 0.4%**, slightly less than expected
  - **ADP private payrolls report grew 177k**, lower than the 190k estimated.
  - June's **Non-farm payroll report exceeded expectations with 213k** jobs added versus 195k. The **unemployment rate did increase slightly to 4.0%** from 3.8%.

### THE WEEK AHEAD:

- **New issuance in the municipal market will increase to \$8.1 billion** following the holiday-shortened week.
- **The markets are entering corporate earnings season and** investors are expecting strong results despite the potential trade wars.

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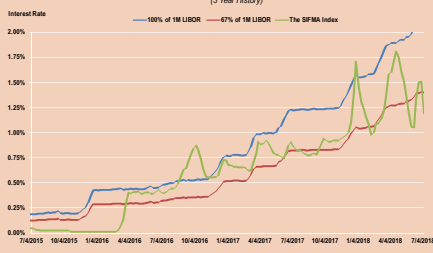


## TREASURY BONDS MARKET DATA RESULTS:

Week Ending	July 6th, 2018	1-Week Change
SIMFA	1.19%	-32 BPS
1-MTH LIBOR	2.09%	FLAT
3-MTH LIBOR	2.33%	FLAT
SOFR	1.93%	-19 BPS
2-YR LIBOR SWAP	2.80%	+1 BPS
10-YR LIBOR SWAP	2.90%	-3 BPS
30-YR LIBOR SWAP	2.89%	-4 BPS

### Floating Rate Comparison

100% of 1-month LIBOR, 67% of 1-month LIBOR, and the SIFMA Index  
(3 Year History)



### Swap Rate History

10 Year LIBOR and SIFMA Swap Rates  
(10 Year History)



SOURCES: Bloomberg Markets Magazine, Municipal Market, The Bond Buyer & The Wall Street Journal

# TAX-EXEMPT MARKET COMMENTARY

## MUNICIPAL BOND SHORT TERM MARKET

Week Ending July 6th, 2018

### MUNICIPAL BOND SHORT TERM MARKET:

- The SIFMA Index **reset at 1.19%**, down 32 basis points week over week.
  - July 1 **principal and coupon payments helped send assets at tax-exempt money market funds** up \$2.53 billion to \$138.27 billion.
  - The SIFMA Index is now **57% of one-month LIBOR**.
- The release of the FOMC minutes did little to change market sentiment on future rate hikes.**
  - Fed funds futures continue to marginally favor four total rate hikes in 2018.
- This week's short-term borrowing calendar is **led by two State of Colorado TRANs totaling \$910 million.**
- The LIBOR swap curve continues to flatten as the difference between the 2-year and 10-year LIBOR swap rate is only 10 basis points.
  - **The 2-year LIBOR swap rate was up 1 basis point while the 10-year LIBOR swap rate was down 3 basis points.**
- Market participants continue to work through the impending LIBOR replacement scheduled for 2021 while discussions regarding the continuation for certain tenors and currencies of LIBOR to be published after the deadline continue.
- Institutions providing **new or replacement letters of credit** or liquidity facilities last week included State Street Bank and Trust.
- Legal entity identifier—borrowers with existing interest rate swaps **should have obtained a GMEI** from gmeiutility.org.
  - Entering into new swaps, terminating or modifying swaps will also require that borrowers and issuers **obtain a GMEI through gmeiutility.org.**
- Clients should expect that, prior to entering into new swaps, terminating or modifying existing swaps, swap dealers will **require that they either adhere to ISDA Protocols 1.0 and 2.0 or enter letter agreements** that cover the same topics: CFTC Business Conduct Standards, eligible contract participant category, End-user Exception from clearing requirements, and documentation, valuation and reconciliation matters.



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